

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00

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O 221529Z JUN 77

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC IMMEDIATE 8794

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DEPT PASS CAB

EO 11652: NA (DECONTROL UPON RECEIPT)

TAGS: EAIR PL

SUBJECT: POLAND REQUESTS BILATERAL CONSULTATIONS ON CHARTER
FLIGHTS

1. SUMMARY. THE EMBASSY HAS RECEIVED A DIPLOMATIC NOTE
DATED JUNE 20 REQUESTING CONSULTATIONS ON CHARTER
FLIGHTS AS PROVIDED FOR IN THE US-POLISH BILATERAL AIR-
TRANSPORT AGREEMENT. THE GOP BELIEVES THAT THE LARGE NUMBER
OF CHARTER-FLIGHT APPLICATIONS FROM THE US THREATENS TO DIS-
ADVANTAGE LOT AND UNDERMINE SCHEDULED SERVICES OFFERED BY
LOT AND PAN AM. CONSULTATIONS AND POSSIBLY AN AGREEMENT
ON CHARTER FLIGHTS ARE NEEDED TO AVOID PROBLEMS STEMMING
FROM THE UNILATERAL IMPOSITION OF SOMETIMES CONFLICTING
CHARTER REGULATIONS BY EACH GOVERNMENT. THE PROBLEM POSED
EARLIER THIS YEAR BY THE CHARTER APPLICATIONS OF WORLD
AIRWAYS ARE CITED AS AN EXAMPLE IN THIS REGARD. THE NOTE
PROPOSED WARSAW AS THE SITE OF THE TALKS AND ASKS THE US
SIDE FOR SUGGESTIONS AS TO TIMING. END SUMMARY.

2. ACTION REQUESTED: WE UNDERSTAND THAT THE POLISH
EMBASSY IN WASHINGTON HAS ARRANGED FOR VICE MINISTER OF
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TRANSPORTATION ROMUALD PIETRASZEK, WHO WILL BE ATTENDING
THE LOS CONFERENCE IN NEW YORK, TO MEET WITH EB/OA
DIRECTOR STYLES ON JUNE 23 TO DISCUSS THESE QUESTIONS.
ALTHOUGH PIETRASZEK'S SCHEDULE WHILE IN TH US IS
APPARENTLY FULL, WE ARE SURE THAT REPRESENTATIVES OF
MCDONNELL DOUGLASS, BOEING, AND OTHER AIRCRAFT MANU-
FACTURERS WOULD BE INTERESTED IN SHOWING HIM THEIR

FACILITIES IF HIS SCHEDULE PERMITTED. WE HOPE THAT DEPARTMENT WILL MENTION THIS POSSIBILITY TO HIM.

3. THE POLISH NOTE RESPONDS TO THE EMBASSY' NOTE OF APRIL 19, 1977 (STATE 83596), AND MAKES THE FOLLOWING KEY POINTS:

- THE UNDERSTANDING CONCLUDED IN MAY WITH WORLD AIRWAYS ACCORDED THAT CARRIER EXCEPTIONAL TREATMENT UNDER POLISH REGULATIONS;
- THE POLISH GOVERNMENT WISHES TO REAFFIRM ITS COMMITMENT TO TREAT SCHEDULED AND NON-SCHEDULED CARRIERS ON A NON-DISCRIMINATORY BASIS;
- THE NUMBER OF CHARTER FLIGHTS BETWEEN THE US AND POLAND CREATES "NEW CONDITIONS" AND MAKES DIFFICULT THE REALIZATION OF THE PRINCIPLE OF "EQUAL BENEFIT" WHICH UNDERLIES OUR 1976 BILATERAL AIR-TRANSPORT AGREEMENT.
- AMERICAN CARRIERS HAVE OFFERED MORE CHARTER PROGRAMS THAN LOT, THEREBY DRAWING PASSENGERS AWAY FROM THE REGULARLY SCHEDULED ROUTES AND THREATENING LOT'S POSITION;
- USE OF LARGE-CAPACITY AIRCRAFT, SUCH AS APPLIED FOR BY WORLD AIRWAYS, WOULD GIVE US CARRIER A COMPETITIVE PRICE AND SERVICE ADVANTAGE;
- LOT HAS BEEN DISADVANTAGED BY THE REQUIREMENT TO FILE IT OFF-LINE CHARTERS WITH THE CAB AND THE LIMITED OFFICIAL USE

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- DELAY IN APPROVAL OF LOT'S CHARTER APPLICATIONS FOR THIS YEAR. THE GOP HOPES THAT THE CAB WILL MOVE QUICKLY TO APPROVE THE LOT CHARTER PROGRAM FOR 1977.
- POLISH AUTHORITIES THEREFORE REQUEST CONSULTATIONS AS PROVIDED FOR IN THE BILATERAL AIR-TRANSPORT AGREEMENT.
 - THE GOP REAFFIRMS THAT, PENDING AN UNDERSTANDING ON CHARTER FLIGHTS, IT WILL APPLY THE PRINCIPLES OF RECIPROCITY AND "EQUAL BENEFIT" IN HANDLING CHARTER APPLICATIONS.

4. WE HAVE DISCUSSED THE NOTE WITH DIRECTOR ZYLICZ OF THE CENTRAL CIVIL AVIATION ADMINISTRATION. HE SAID THAT PAN AM IS OFFERING 13,000 ONE-WAY SEATS ON CHARTER FLIGHTS DURING THIS SUMMER SEASON, AS OPPOSED TO THE 11,00 SEATS OFFERED BY LOT. ZYLICZ SAID THAT BOTH FIGURES ARE UP FROM 1976, BUT HE DID NOT HAVE SPECIFIC INFORMATION ON THE SIZE OF THE 1976 CHARTER PROGRAM. ZYLICZ SAID THE GOP'S PRINCIPAL CONCERN WAS TO ASSURE THAT CHARTERS DID NOT JEOPARDIZE THE "UNIQUE SYSTEM" CREATED UNDER THE 1976 AIR-TRANSPORT AGREEMENT. ZYLICZ SAID THE GOP MIGHT WISH TO CONSIDER A PRICING FORMULA WHICH WOULD PREVENT UNFAIR

RATES OFFERED BY CHARTER FIRMS WHICH DID NOT HAVE TO COVER THE LARGE FIXED COSTS OF THE SCHEDULED AIRLINES. (ZYLICZ REFERRED TO "FLOOR PROCES" APPLIED IN OTHER COUNTRIES, BUT DID NOT SAY THAT POLAND WISHED TO TAKE SUCH A RIGID APPROACH). ZYLICZ SAID THAT THE OFFERING BY CHARTER FIRMS OF LARGER COMMISSIONS TO TOUR ORGANIZERS WAS ALSO AN UNFAIR ADVANTAGE.

5. WE POINTED OUT TO ZYLICZ THE ADVANTAGES OF CHARTERS IN PROMOTING THE POLISH MARKET AND IN RESPONDING TO THE DEMAND FOR PRICE-SENSITIVE TRANSATLANTIC TRANSPORTATION. WE ALSO POINTED OUT SOME OF THE DIFFICULTIES INHERENT IN A "FLOOR-PRIVE" APPROACH AND IN THE PRINCIPLE OF "EQUAL BENEFIT." WE REMINDED ZYLICZ THAT THE REQUIREMENT LIMITED OFFICIAL USE

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FOR FILING OFF-LINE CHARTERS WITH THE CAB IS STRICTLY RECIPROCAL. WE SAID WE UNDERSTAND THAT THE CAB HAD NOW APPROVED LOT'S 1977 CHARTER PROGRAM, BUT THAT WE WOULD ASK THE DEPARTMENT FOR CLARIFICATION ON THIS POINT.

6. COMMENT: CHARTER CONSULTATIONS WOULD, AT A MINIMUM, CLARIFY THE REGULATORY APPROACHES OF BOTH AVIATION AUTHORITIES AND MIGHT RESULT IN A MUTUALLY ACCEPTABLE SOLUTION. WE HOPE THE DEPARTMENT WILL TAKE THE OCCASION TO QUESTION PIETRASZEK ABOUT THE GOP'S PLANS FOR PREPARING OKECIE AIRPORT TO HANDLE LARGE-BODY AIRCRAFT IN 1978, AS PROVIDED FOR IN THE JUNE 1976 MEMORANDUM OF CONSULTATION. END COMMENT.

DAVIES

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